COIN'S

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BY

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ILLUSTRATIONS
BY
DAN BEARD.

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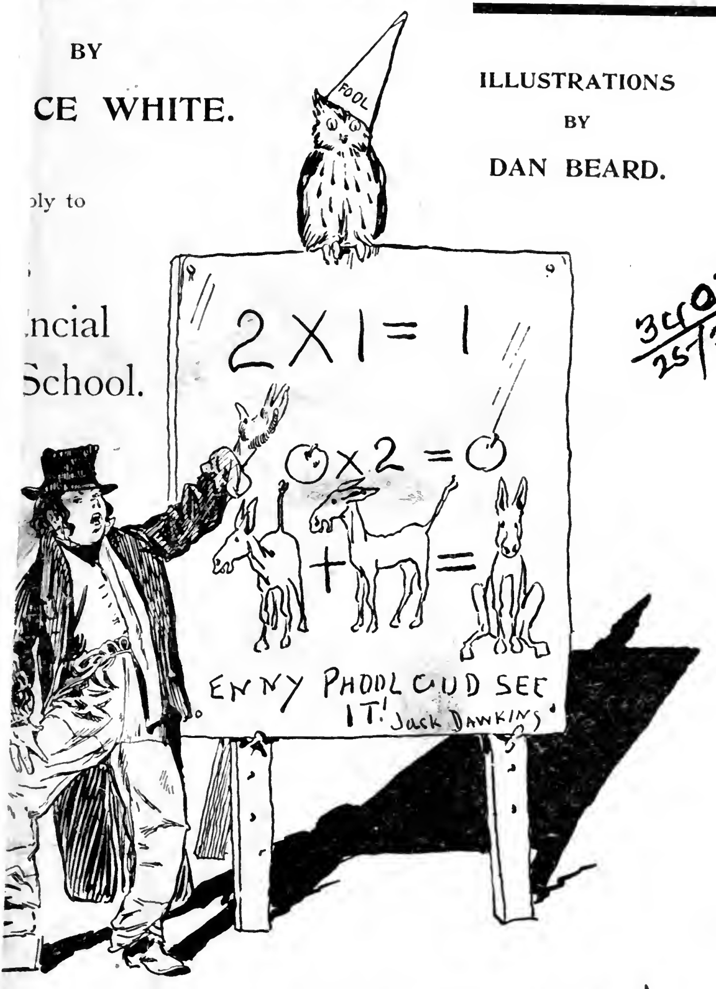
School.



ɜILVIE PUBLISHING COMPANY,
NEW YORK.

COIN'S FINANCIAL FOOL;

OR,

THE ARTFUL DODGER EXPOSED.

A COMPLETE REPLY TO

"COIN'S FINANCIAL SCHOOL."

BY

HORACE WHITE.

THE PEERLESS SERIES, No. 85. Issued Quarterly, July, 1895.
Subscription, $1.00 per year. Entered at New York Post-Office as second-class matter.

NEW YORK:
J. S. OGILVIE PUBLISHING COMPANY,
57 ROSE STREET.

CONTENTS.

INTRODUCTION.

I propose to examine with some thoroughness a book of 155 pages, entitled "Coin's Financial School."

"Coin," it should be premised, is a youth about twelve years of age who opens a school to teach grown men the science of finance. This is a piece of clap-trap. The science of finance does not come by nature, as reading and writing came to Dogberry, and it is not particularly "catching." It requires a considerable amount of study. The suggestion here thrown out that a boy can drop his marbles and spinning tops and deliver valuable lectures on this science is likely to prove captivating, however, to persons who would be glad to acquire it without any antecedent effort, although they would not attempt to play on the bones at a minstrel show without previous practice. They may not perceive the inherent absurdity of taking lectures on this abstruse subject from

a boy of twelve, although they would not take his advice on the subject of shoeing a horse.

THE ONE-LEGGED MAN.

The book is largely made up of pictorial illustrations which, of course, cannot be answered. If anybody is deluded in a financial discussion by a picture of a man with only one leg, his delusion may, perhaps, be cured by telling him that the single standard of silver is just as one-legged as the single standard of gold. The object of "Coin's Financial School" is to bring about the free coinage of silver at a legal ratio of 16 to 1 by the action of this country alone. As the market ratio of the two metals is 32 to 1, it is evident that this country cannot make sixteen ounces of silver equal in value to one ounce of gold when the whole world is offering thirty-two ounces of silver for one ounce of gold. Therefore the proposal for free coinage by this country alone is a proposal to establish the single standard of silver, which is as well represented by a man with one leg as is the single standard of gold.

COIN'S FINANCIAL FOOL.

CHAPTER I.

COIN'S FIRST FALSEHOOD.

Coin's first picture is that of "Columbus Discovering America, 1492." Immediately beneath it is a pretended quotation from a public document, which begins in this way:

"At the Christian era the metallic money of the Roman empire amounted to $1,800,000,000. By the end of the fifteenth century it had shrunk to $200,000,000. (Dr. Adam Smith informs us that in 1455 the price of wheat in England was two pence per bushel.)"

The statement in parenthesis, which is introduced by "Coin," is false in four different ways, viz: (1) It is false by conveying to the reader's mind the idea that a penny in 1455 was the same thing as a penny now; (2) it is false by conveying the idea that the price quoted was the average price at that period in the world's history; (3) it is false in giving Adam Smith as authority for the statement; (4) it is false in conveying the idea that the quantity of money in the world was the cause of the low price of wheat in 1455.

The first thing in the quoted paragraph is a statement that at the Christian era there was a plentiful supply of money as compared with the later period. Now, we can show, on the best possible authority, that the rate of wages for laboring men at this happy period was one

penny per day. See Matthew xx : 1–16, which tells us that a certain householder went out early in the morning to hire laborers for his vineyard, and that when he had agreed with them *for a penny a day* he sent them into his vineyard. They were all satisfied and nothing happened to disturb their serenity until they found that some others who had been hired later in the day were also receiving a penny. We need not concern ourselves with the sequel, since the only point important to our purpose is that the rate of wages at this affluent period was one penny per day.

A penny in 1455 was not the same thing as a penny now. The penny was originally the 240th part of a pound weight of silver, but monarchs had the habit of cutting pieces off the pound of silver and coining the remainder into 240 pennies, putting the difference into their

own pockets. In this way the value of the penny was constantly declining till the reign of Elizabeth. In 1455 the weight of the silver penny was twice as great as it was in the time of Adam Smith, a fact carefully suppressed by "Coin."

The other three falsities may be disposed of in short order. The prices of wheat quoted at the end of Book I of Smith's "Wealth of Nations" are not given on his own authority. They are quoted as those of Fleetwood, and we are cautioned by Adam Smith, for various reasons, not to attach too much importance to them. Thus, referring to previous writers who had taken Fleetwood's tables as a basis, he says:

"Thirdly, they seem to have been misled too by the very low price at which wheat was sometimes sold in very ancient times, and to

"COIN," THE ARTFUL DODGER, MUTILATES ADAM SMITH.

have imagined, that as its lowest price was then much lower than in later times, its ordinary price must likewise have been much lower. They might have found, however, that in those ancient times, its highest price was fully as much above, as its lowest price was below anything that had ever been known in later times. Thus in 1270, Fleetwood gives us two prices of the quarter of wheat. The one is four pounds sixteen shillings of the money of those times, equal to fourteen pounds eight shillings of that of the present; the other is six pounds eight shillings, equal to nineteen pounds four shillings of our present money. No price can be found in the end of the fifteenth, or beginning of the sixteenth century, which approaches to the extravagance of these.

"The price of corn, though at all times liable to variation, varies most in those turbulent and disorderly societies, in which the interruption of all commerce and communication hinders the plenty of one part of the country from relieving the scarcity of another. In the dis-

orderly state of England under the Plantagenets, who governed it from about the middle of the twelfth till toward the end of the fifteenth century, one district might be in plenty, while another at no great distance, by having its crop destroyed either by some accident of the seasons, or by the incursion of some neighboring baron, might be suffering all the horrors of a famine; and yet if the lands of some hostile lord were interposed between them, the one might not be able to give the least assistance to the other. Under the vigorous administration of the Tudors, who governed England during the latter part of the fifteenth, and through the whole of the sixteenth century, no baron was powerful enough to dare to disturb the public security."

Finally, Fleetwood's tables give the prices of wheat in 1453 at 5s. 4d. and in 1457 at 7s. 8d. per quarter, the intermediate year, 1455, being 1s. 2d. per quarter, all being the money of that period, not of Adam Smith's period.

"Coin" wants to make it appear that the price of wheat in one particular year, 1455, was due to the shortage of money at that time. Let us apply that method of reasoning to another case. It is within the recollection of many persons now living in Illinois and Iowa that the corn crop of some years before 1860 would not pay the cost of hauling it to the market, and consequently that it was consumed for fuel on the farms or sold for fuel in the adjoining towns. I have been warmed by such fires myself. And this occurred at a time which Coin's Financial Fool would call "bimetallic:" that is, prior to 1873. Now the price of coal in those particular years, when corn was burned for fuel, did not exceed in the country towns $2.00 to $2.50 per ton. It was a common estimate in those times that there was as much fuel in a ton of corn as in a

ton of coal. If this was true, the value of corn at the farms must have been between six and eight cents per bushel, being less than the price of wheat in 1455 as quoted by Fleetwood. What would be said of any future historian who should take that for the true price of corn in Illinois in the middle of the 19th century?

We have not got through with this pretended quotation yet. Beginning where we left off above, it continues thus:

"Population dwindled, and commerce, arts, wealth and freedom all disappeared. The people were reduced by poverty and misery to the most degraded conditions of serfdom and slavery. The disintegration of society was almost complete. History records no such disastrous transition as that from the Roman Empire to the Dark Ages. The discovery of the new world by Columbus restored the volume of precious metals, brought with it rising prices, enabled society to reunite its shattered links,

shake off the shackles of feudalism, and to relight and uplift the almost extinguished torch of civilization."—[Report United States Monetary Commission of 1878.]

There was a monetary commission in 1878 composed of Reuben E. Fenton, W. S. Groesbeck, Francis A Walker, and S. Dana Horton. The editor of the Indianapolis *Journal* looked through the report of that year, and finding nothing of the kind here quoted, pronounced it a forgery. Then a reply was made by "Coin," or somebody for him, that 1878 was a typographical error; that it should have been 1876. That meant the report of Senator Jones, of Nevada, and his commission. So the *Journal* took up that report, and discovered that the last sentence in the paragraph, the one referring to Columbus and the discovery of America, the only thing which gives

any point to the pretended quotation, is itself a forgery. We present below the sentence as it stands on page 50 of the report, and as it stands in "Coin's Financial School."

REPORT, PAGE 50.

"Various explanations have been given of this entire breaking down of the framework of society, but it was certainly coincident with a shrinkage in the volume of money, which was also without historical parallel."

COIN'S FINANCIAL SCHOOL.

"The discovery of the New World by Columbus restored the volume of precious metals, brought with it rising prices, enabled society to reunite its shattered links, shake off the shackles of feudalism, and to relight and uplift the almost extinguished torch of civilization."

CHAPTER II.

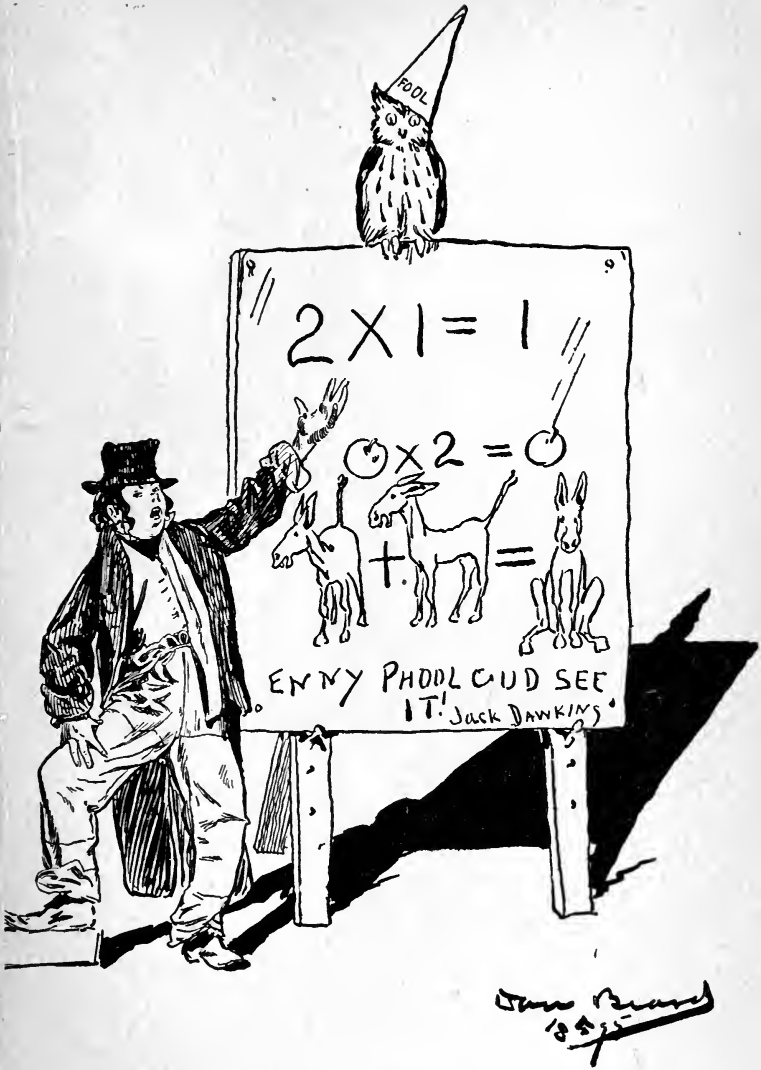
OUR FIRST SILVER DOLLAR.

The next untruth taught in "Coin's Financial School" is that the silver dollar was the monetary unit in this country from 1792 to 1873. In order to make this more emphatic he gives us a blackboard with the figure 1 on it, this being calculated to carry conviction to the school. The fact is, that the silver dollar was the monetary unit in this country *before* 1792, but *never afterwards*. It was made such by the Congress of the Confederation in 1785.

This was the silver *peso* or *peseta* of Spain, which had been in circulation in the colonies more than a hundred years, and was called here a dollar.

Now, in order to keep one's head clear it must be borne in mind that the word unit means one thing, not two or more things ; also, that there are several different kinds of units, as a unit of number, a unit of length, a unit of weight, a unit of value. We will now quote the law of 1792 verbatim :

"That there shall be, from time to time, struck and coined at the said mint, coins of gold, silver and copper of the following denominations, values and descriptions, viz: Eagles—each to be of the value of ten dollars or units, and to contain 247 grains and four-eighths of a grain of pure, or 270 grains of standard, gold. [Half eagles and quarter eagles of corresponding weights and fineness.] Dollars or units—each to be of the value of the Spanish milled dollar as the same is now current, and to contain 371 grains and four-sixteenths of a grain of pure, or 416 grains of standard, silver."



ARTFUL DODGER (COIN) AS TEACHER IN "COIN'S FINANCIAL SCHOOL.

"Coin," having presented the unit to his school as a unit of *number*, immediately changes it into a unit of *value*, saying: "Congress adopted silver and gold as money. It then proceeded to fix the unit. That is, it then fixed what should constitute one dollar, the same thing that the mathematician did when he fixed one figure from which all others should be counted. Congress fixed the monetary unit to consist of 371¼ grains of pure silver and provided for a certain amount of alloy (baser metal) to be mixed with it to give it greater hardness and durability."

Now gold and silver are not one thing but *two things*. If "Coin" had said: "Congress adopted *two things* as money; it then proceeded to fix the *one thing*," everybody could have seen that that would be a contradiction of terms. Suppose the law had then provided

for the coinage of a gold dollar. Could anybody say, in that case, that the monetary unit was the silver dollar any more then the gold dollar? In 1849 Congress did provide for coining a gold dollar, and more gold dollars were actually coined after that date than all the silver dollars that were coined from the beginning of the government till 1873. Yet "Coin" tells us that "the silver dollar still remained the unit and *continued so until* 1873." If the silver dollar was the unit, what, in heaven's name, was the gold dollar?

The word "unit" as used in the law meant a unit of number. If it had meant a unit of value bimetallism could not have been established. Suppose the law had said, "Apples and oranges shall be legal tender, but only the apple shall be the unit of value." That would have been a contradiction of terms. All the

confusion which " Coin " has produced arises from the use of the word unit in two different ways, first as a unit of number and second as a unit of value. " Coin " exhibits it on a blackboard as a unit of number, and then cunningly asks us to take it as a unit of value. This is thimblerigging—" now you see it and now you don't see it." It is like saying on one page of the book " twice one is one," and on the next page " twice one is two."

Let us apply one more test to this quibble. The law speaks of dollars *or* units. This means that dollars and units are the same. Consequently we may reject either of them without changing the sense. Let us throw out the word units and see how the law would read : " Eagles, each to be of the value of ten dollars and to contain 247½ grains of pure gold ; dollars, each to be of the value of the

Spanish milled dollar as the same is now current and to contain 371¼ grains of pure silver." This makes it plain that Congress used the term unit as the unit of number, as "Coin" presented it on his blackboard, and not as a unit of weight, or of length, or of capacity, or of value. If we wanted a unit of numskulls we should not have to look far to find him.

If "Coin" were right in his contention, it would amount to nothing but this, that Congress once chose the silver dollar as the unit of value and afterwards chose the gold dollar. As this is what nearly all civilized nations have done, it is not surprising that we should have done the same. Common sense would tell us that if we were to have a controversy about it at all, it should be over the question whether the change were wise or unwise. But common

sense has very little place in "Coin's Financial School."

The law of 1892 declared that the proportional weight of silver coins to gold ones should be as 15 to 1. Now, Hamilton, the Secretary of the Treasury, had previously determined by experiment that the average weight of the Spanish milled dollar *as then current* was 371, not 371¼ grains. Why was 371¼ grains chosen? Because Hamilton had also ascertained that the Spanish dollar, as then current, was selling in the market for 24¾ grains of pure gold. So Congress multiplied 24¾ by 15 and took the result, 371¼, as the number of grains for the silver dollar. In other words, they determined the weight of the silver dollar from the gold one, although there was then no gold dollar coined.

But this American silver dollar never got

into circulation at home. The Spanish dollar, which was in actual circulation here, was abraded by use about 2½ grains. New Spanish dollars were worth that much more. It was soon discovered that our new dollars would pass in the West Indies as the equivalent of new Spanish dollars. Consequently they ran out of the country as fast as they were coined, went to the West Indies, where brokers collected new Spanish dollars in exchange for them and sent the latter back to our mint to be re-coined. Every 100 new Spanish dollars produced 101 American dollars, and none of the latter remained at home because abraded Spanish dollars passed equally well in domestic trade.

That was the reason why President Jefferson in 1805 gave an order to the mint to stop coining silver dollars—an order which re-

mained in force till 1836. So this silver dollar never really got into circulation at all, either before 1836 or afterwards—certainly a queer kind of monetary "unit."

CHAPTER III.

ANOTHER FORGERY.

At this point in the exercises we read that "Young Medill" starts up (there is no such person as young Medill), and wants to know why it was that a great many foreign silver coins circulated in this country at their value as bullion before the year 1860. "Coin" has an answer ready for him. "It had all been made legal tender," he says, "by act of Congress. We needed more silver than we had, and Congress passed laws *making all foreign silver coins legal tender in this country.*. It is one of the axioms of the silverites that coins circulate by reason of their legal tender faculty and not of their metallic value. This is

a fundamental proposition in "Coin's Financial School." Hence, when confronted by the fact that upwards of two hundred different foreign silver coins circulated in this country prior to 1860, he must needs tell a lie to account for something which really knocks the bottom out of his whole system.

"Coin" quotes the law, which he says sustains his statement, thus :

"And be it further enacted, that from and after the passage of this act the following foreign silver coins shall pass current as money within the United States and be receivable by tale for the payment of all debts and demands at the rates following, that is to say: the Spanish pillar dollars and the dollars of Mexico, Peru and Bolivia, etc."

The act referred to is that of March 3, 1843. The lie here consists in the insignificant "etc.,"

which is intended to include all other foreign silver coins circulating in the United States prior to 1860. In order to show the falsity of this we quote the remainder of the section of this law, which is left to the reader's imagination in the innocent, "etc."

"Of not less than 897-1,000 in fineness and 415 grains in weight, at 100 cents each, and the five-franc piece of France of not less than 900-1,000 in fineness and 384 grains in weight, at 93 cents each."

By putting these two pieces together the reader will see that the only foreign silver coins made legal tender by this act were the *dollars* of Spain, Mexico, Peru and Bolivia, and the five-franc pieces (not the smaller coins) of France. Yet the writer says that "it" (meaning the foreign silver circulating here at that

time), "had all been made legal tender in the United States by act of Congress."

The truth is that Congress made only two foreign silver coins legal tender, the dollar of Spain and the five-franc piece of France. The Spanish dollars which found their way hither being mostly coined in the Spanish-American mints, it became necessary, when those colonies achieved their independence, to include their names in the list in order to avoid ambiguity. So it came about that the dollars of Mexico, Central America, Chili, Peru and Bolivia were added to our legal-tender list at different times. The reason why the dollars of Spain and the five-franc pieces of France were made legal tender was that they were here, and in general use before the Constitution was adopted, the former having been the money of the colonies and the latter having

been introduced in large quantities by the French armies during the Revolutionary war. The French coins of that period were called crowns.

It should be noticed that the Spanish and Spanish-American coins smaller than one dollar were never made legal tender in this country. People whose memory goes back of 1860, will recall the fact that the bulk of the Spanish and Mexican coins, circulating here, were the halves, quarters and eighths, the latter being known in different parts of the country as the York shilling, the ninepence, the levy and the bit, in addition to which there were English shillings, German thalers in large quantity and variety, besides rix dollars, specie dollars, Danish and Dutch coins. Even the rupees of India were quoted on the coin chart manuals published in New York at that

time. It should be mentioned also that new Spanish dollars, fresh from the mint, circulated at one hundred and one cents each, and are so quoted on coin-chart manuals of that period. In other words, they passed for one cent more than their legal-tender value. Why was this? Because their bullion value was more than a dollar. But the coins of France and Spain did not circulate here more readily than those of Germany, Austria, Holland, Belgium and Denmark, which were not legal tender.

The point is that this writer, pretending to give us facts which few persons are familiar with, says that the precious metals circulate not by reason of their value as bullion, but because of their legal-tender quality, and when asked how it happened that a great variety of foreign coins circulated here before 1860 at their bullion value, he says that they were all

legal tender, and to support this proposition he misquotes a law of Congress. In order to give due solemnity to this and other falsehoods with which the book abounds, he prints next after his title-page this text of Scripture :

"I thank thee, O Lord of Heaven and Earth, because thou has hid these things from the wise and prudent and has revealed them unto babes. Matthew, chapter xi. verse 25."

Nobody who had not reached mature years could have concocted a forgery of this recondite and misleading character.

MORE OF THE SAME KIND.

Directly after the pretended quotation from the law making all foreign silver coins legal-tender, on page 10, "Coin" speaks of a scarcity of silver. "On account of the scarcity of silver," he says, "both Jefferson and Jackson

recommended that dimes, quarters and halves would serve the people better than dollars, until more silver bullion could be obtained. This was the reason why only about eight million of the one hundred and five million of silver were coined into dollars."

This is pure fiction. Neither Jefferson nor Jackson ever made any such recommendation. Nor was there any "scarcity of silver" at that time. The reason why silver dollars were not coined by our mint between 1805 and 1836 has already been stated.

Next after this false statement about Jefferson and Jackson comes the following:

"During this struggle to get more silver," continued "Coin," "France made a bid for it by establishing a ratio of 15½ to 1, and as our ratio was 16 to 1, this made silver in France worth $1.03⅛ when exchanged for gold, and as gold would answer the same pur-

pose as silver for money, it was found that our silver was leaving us."

The French ratio of 15½ to 1 was established in 1785, and was merely re enacted in 1803. Our ratio of 15 to 1 was established in 1792, and that of 16 to 1 in 1834. So France "made a bid" for our silver seven years before we had any ratio or any coinage at all, and forty-nine years before we had the ratio that "Coin" says enabled her to get it away from us. Of course she did this in the spirit of prophecy, or with the eye of faith. For this reason, says "Coin," "it was found that our silver was leaving us." The debates in our Congress on the act of 1834 furnish a better reason. Our fathers wanted to get rid of their heavy and bulky silver money and to bring gold in its place, and they purposely adopted a ratio which would have that effect.

CHAPTER IV.

A FEW NUGGETS.

It is a common remark among those who have been taken in by "Coin's Financial School" that the writer of it "makes everything so plain." The Rev. John Jasper had the same advantage over the followers of Galileo when he said, "The sun do move." When the Rev. J. J. pointed to the orb of day in the heavens, everybody could see that it passed slowly from east to west. What more do you want? What better evidence could you have than that of your eyes?

THE POOR MAN'S MONEY.

See how plain the young man makes the

whole subject of money in a single sentence on page 8, viz: "Gold was considered the money of the rich. It was owned principally by that class of people, and the poor people seldom handled it, and the very poor people seldom ever saw any of it."

This is introduced as a reason why (as he says) Congress in 1792 made the silver dollar the monetary unit. We have already shown that Congress did nothing of the kind. It follows that Congress never advanced any such reason, but "Coin" having introduced it in this deft way, recurs to it at frequent intervals as a settled fact that gold is the rich man's money and silver the poor man's money. *Argal,* all poor men ought to be in favor of silver.

This is very plain as long as you do not consider what the poor man wants money for. If

"Coin," The Artful Dodger's Advice—"Swipe it Oliver."

he wants it as pay for his services, as an accumulation for sickness and a reliance in old age, he wants the best money going, not the worst. If poor money is the right thing for the poor man, there are several kinds poorer than silver, copper for example. This was once legal tender and it had a legal ratio with silver. In the Roman republic the ratio was 240 to 1, and the contemporary Greek ratio was 250 to 1. Is there any more reason for poor men having poor money than for having ragged clothes, bad flour and rancid butter? Is there any reason why the poor should not have the same *standard of value* as the rich, just as they have the same Bible, the same sunlight, and the same atmosphere? For it is not the mere handling of gold that is of importance here, but the value of the thing handled. This may be copper, nickel, silver, or paper, and most com-

monly will be those things, since our people do not like to carry gold. It wears out their pockets and their pockets wear out the gold. So long as the various things they carry will bring gold on demand, and so long as a stability of value is secured to them equal to that of gold (be the same more or less), all requirements are satisfied. It will be easy now to erase every suggestion in "Coin's Financial School" that the poor man needs a different kind of money from the rich man, and when these are all erased a large part of the book will be wiped out.

SILVER AS A HUMAN BEING.

The next piece of lucidity we find is akin to the last. It is on page 16 :

"It [Congress] then deprived silver of *its right* to unrestricted free coinage and de-

MR. FAGIN AND HIS PUPILS RESTORING SILVER.

stroyed it as legal tender money in the payment of debts, except to the amount of five dollars."

This is accompanied with a picture of Senator Sherman cutting off the head of a woman called silver, whose blood spouts in every direction—a valuable aid to a people earnestly seeking to know the truth about a momentous public question. To all such let it be said that silver is not a woman, that it is not a human being, that it is not even an animal, and hence that it has no more "rights" than a head of cabbage, and that nobody but a cabbage head would be deceived by such nonsense. Yet a considerable part of "Coin's" collection of funny pictures and comic literature is made up of hints, suggestions and assertions that silver has been treated with cruelty and opprobrium, while gold has been petted and pampered.

If we should say that corn has been mostly banished to the cattle-yard and pig-pen, while wheat has been elevated to the kitchen and dining-room, and should make this the foundation of a demand for equal rights for cereals, the logic would be the same. What sort of conception can anybody have of the intelligence of the American people who thinks that their blood can be stirred by a picture of silver as Cock Robin in the throes of death from an arrow shot by gold? This is called making the science of finance clear to the common people, just as the Rev. John Jasper did with the science of astronomy.

"BIMETALLISM, 1872."

The next contribution to clearness is a picture representing "Bimetallism, 1872," and "Monometallism, 1894," the former showing

the workingman and his little girl in a high state of prosperity and contentment, and the latter showing him in the last extreme of famine and wretchedness. This does not require much notice. The printer's devil might have changed the labels, in which case the pictures would have served equally well so far as any intellectual purpose goes. But one fact ought to be borne in mind. In 1872 we had neither silver nor gold. There was no " metallism " in it. Specie payments were not restored till seven years later. Therefore the label " Bimetallism, 1872," is itself a lie, without regard to the condition of trade and industry at that time. This was, in fact, quite as bad as it was in 1894, being on the eve of one of the most disastrous panics in our history.

CHAPTER V.

THE "CRIME OF 1873."

The next statement of importance is on page 20, where it is said that "silver was demonetized secretly."

It is not generally easy to prove a negative, but it can be done in this case, because there is no way to pass a law secretly in the Congress of the United States. Every bill must be printed and must be read publicly in each branch. These proceedings are incompatible with secrecy. This bill was printed by the Department and Congress thirteen times in the course of its passage, and the proceedings on it occupy 144 columns of the *Congressional Globe*, which was published daily

during the session. That does not look much like secrecy. Professor Laughlin has compiled the legislative history of the bill as follows:

Procedure.	Senate.	House.
Submitted by secretary of the treasury	April 25, '70	
Referred to senate finance committee	April 28, '70	
500 copies printed	May 2, '70	
Submitted to house		June 25, '70
Reported amended and ordered printed	Dec. 19, '70	
Debated	Jan. 9, '71	
Passed by vote of 36 to 14	Jan. 10, '71	
Senate bill ordered printed		Jan. 13, '71
Bill reported with substitute and recommitted		Feb. 25, '71
Original bill reintroduced and printed		Mar. 9, '71
Reported and debated		Jan. 9, '72
Recommitted		Jan. 10, '72
Reported back, amended and printed		Feb. 13, '72
Debated		April 9, '72
Amended and passed by vote of 110 to 13		May 27, '72
Printed in senate	May 29, '72	
Reported, amended and printed	Dec. 16, '72	
Reported, amended and printed	Jan. 7, '73	
Passed senate	Jan. 17, '73	
Printed with amendments, conference committee appointed		Jan. 21, '73

Became a law Feb. 12, 1873.

When this charge is disproved, it is varied slightly by saying that the demonetization of silver was accomplished silently, by the mere omission of the dollar from the list of authorized coins, and that this omission was not noticed. By whom was it not noticed? This law was passed twenty-two years ago. Men are now voters who were not born at that time. Of course it was not noticed by them. Neither law nor custom requires that the particular clauses of bills in Congress should be noticed by people who are not members of Congress. The clause in question was not a mere omission of one coin from a list of coins. As the bill passed the House and went to the Senate it was in these words:

"That the silver coins of the United States shall be a dollar, a half dollar or fifty cent piece, a quarter dollar or twenty-five cent

piece, a dime or ten cent piece; and the weight of the dollar shall be 384 grains; the half dollar, quarter dollar, and dime shall be respectively one-half, one-quarter and one-tenth of the weight of said dollar, *which coins shall be a legal tender for their nominal value for any amount not exceeding five dollars in any one payment.*"

Another section of the bill provided that no other silver coins than these should be issued from the mint. And a third clause said that the gold dollar should be the unit of value. Here were three distinct notifications, and each was sufficient to call attention to the fact that all silver coins were hereafter to be subsidiary and not full legal tender. But attention was called to it in other ways. Four members of the House (Clarkson N. Potter, W. L. Stoughton, Samuel Hooper, and Wm. D. Kelly) discussed the omission of the sil-

ver dollar and the consequent establishment of the single gold standard in the House on the 9th of April, 1872.

Mr. Hooper said :

" As the value of the silver dollar depends on the market price of silver, which varies according to the demand and supply, it is now intrinsically worth, as before stated, about three cents more than the gold dollar. By the act of January 18, 1837, the standard of the silver coins was increased to nine hundred thousandths fine, which reduced the weight of the dollar from four hundred and sixteen to four hundred and twelve and a half grains ; the amount of pure silver, however, remained the same, namely, three hundred and seventy-one and one-fourth grains. The committee, after careful consideration, concluded that twenty-five and eight-tenths grains of standard gold constituting the gold dollar should be declared the money unit or metallic representative of the dollar of account."—

Congressional Globe, 2d Session, 42d Congress, page 2305.

*   *   *   *

"Section sixteen re-enacts the provisions of existing laws defining the silver coins and their weights respectively, except in relation to the silver dollar, which is reduced in weight from four hundred and twelve and a half to three hundred and eighty-four grains, *thus making it a subsidiary coin in harmony with the silver coins of less denomination*, to secure its concurrent circulation with them. The silver dollar of four hundred and twelve and a half grains, by reason of its bullion or intrinsic value being greater than its nominal value, long since ceased to be a coin of circulation, and was melted by manufacturers of silverware. It does not circulate now in commercial transactions with any country, and the convenience of those manufacturers in this respect can better be met by supplying small standard bars of the same standard, avoiding the useless expense of coining the dollar for that purpose. The coinage of the half-dime is discontinued for the

reason that its place is supplied by the copper nickle five-cent piece, of which a large issue has been made, and which, by the provisions of the act authorizing its issue, is redeemable in United States currency."—*Ibid.*, 2306.

Mr. Stoughton said:

"Aside from the three dollar gold piece, which is a deviation from our metrical ratio, and therefore objectionable, the only change in the present law is in more clearly specifying the gold dollar as the unit of value. This was probably the intention and, perhaps, the effect of Act of March 3d, 1849, but it ought not to be left to inference or implication. The value of silver depends, in a great measure, upon the fluctuations of the market, and the supply and demand. Gold is practically the standard of value among all civilized nations, and the time has come in this country *when the gold dollar should be distinctly declared to be the coin representative of the money unit.*" —*Ibid.*, page 2308.

Mr. Potter said :

"Then, in the next place, this bill provides for the making of changes in the legal tender coin of the country, *and for substituting as legal tender coin of only one metal instead as heretofore of two.* I think myself this would be a wise provision, and that legal tender coins, except subsidiary coins, should be of gold alone ; but why should we legislate on this now when we are not using either of those metals as a circulating medium ? The bill provides also for a change in respect of the weight and value of the silver dollar, which I think is a subject which, when we come to require legislation at all, will demand at our hands very serious consideration, and which, as we are not using such coin for circulation now, seems at this time to be an unnecessary subject about which to legislate."—*Ibid.*, page 3210.

Mr. Kelley said :

"I wish to ask the gentleman who has just spoken (Mr. Potter) if he knows of any gov-

ernment in the world which makes its subsidiary coinage of full value? The silver coin of England is ten per cent. below the value of gold coin. And, acting under the advice of the experts of this country, and of England and France, Japan has made her silver coinage, within the last year, twelve per cent. below the value of gold coin, and for this reason: *It is impossible to retain the double standard.* The values of gold and silver continually fluctuate. You cannot determine this year what will be the relative values of gold and silver next year. They were fifteen to one a short time ago; they are sixteen to one now."

"*Hence all experience has shown that you must have one standard coin,* which shall be a legal tender for all others, and then you may promote your domestic convenience by having a subsidiary coinage of silver, which shall circulate in all parts of your country as legal tender for a limited amount, and be redeemable at its face value by your government."—*Ibid.*, page 2316.

The proposed dollar of 384 grains, which had been inserted in the bill because it was exactly the weight of two half dollars, and almost exactly the weight of the French five franc piece, was stricken out by the Senate, and the trade dollar of 420 grains was inserted in its place. This was a coin intended to circulate in China. It was considered to be a convenient ingot for the sale of American silver to Oriental countries, and was made a little heavier than the Mexican dollar in order to supersede that coin in the far East.

The law of 1873 was not passed secretly or silently or without due consideration. The silver dollar was an obsolete coin. Not one man in ten of mature years had ever seen one. It was worth two or three cents more than the gold dollar. Nobody could anticipate that it would ever be worth less than the gold dollar.

The law of 1873 was enacted by the people of the United States, in the only way they ever enact a law. It has remained on the statute book nearly a quarter of a century and several direct attempts to repeal it have failed. During this interval silver has fallen, as compared with gold, more than one half. During this interval all the business of the nation has been adjusted to the gold standard. Indeed, it had been on the gold basis in practise ever since 1834, except during the suspension of specie payments. The whole of the national bonded debt had been contracted on the gold basis, in law as well as in fact, having been refunded subsequently to the Act of 1873.

Now it is proposed to change the character of the *dollar* so that public and private debts may be paid with half of what was promised. That is so manifestly dishonest that when the

advocates of the policy are pushed pretty sharply, they say that prices have fallen so that the half dollar is worth as much as the whole dollar was in 1873. Suppose this were true, what about debts that were contracted on the gold basis yesterday? There has been no great decline in the prices of commodities in that time. Moreover, people did not agree to pay and receive commodities, but dollars. The question in the forum of morals is not what a dollar *will buy*, but what a *dollar is*. A time may come when a dollar will not buy as many useful things as it would in 1873. Suppose in that case, that creditors should say that when they made their contracts, a dollar would buy twice as many useful articles as it will now, and ask Congress to pass a law making the dollar twice as large as before. What sort of answer would they receive?

The fitting answer would be that the government had chosen the most stable thing it could find to serve as the material for the dollar; that it never intended to guarantee the purchasing power of the dollar in terms of any other article or articles, and that any attempt to do so in the interest of a class would be dishonest. Equally dishonest is the demand that the dollar be changed in the interest of another class.

CHAPTER VI.

THE DEBATE WITH LYMAN J. GAGE.

We shall now examine something which has the outward semblance of an argument. It is that part which embraces the colloquy with Mr. L. J. Gage. Mr. Gage, says "Coin" asked the question: "How can you have, at any fixed ratio, the same commercial value on two separate metals that are from time to time varying in the quantity of each produced?" To which "Coin" made an elaborate answer, beginning thus:

"When the mints of the world are thrown open and the governments say, 'We will take all the silver and gold that comes,' an unlimited demand is established. The supply is limited.

Now, with an unlimited demand and a limited supply, there is nothing to stop the commercial value of the two metals going up in the market except the government's saying: 'Hold on—these metals are for money—we fix the value at which they circulate. This unlimited demand is for silver at $1 for 371¼ grains, and $1 for 23 2-10 grains of gold—we stamp those into dollars respectively in those quantities."

Observe first that "the mints of the world" (not any less number) are to be thrown open in order to create an unlimited demand. Mr. Gage's attention being thus fixed, "Coin" continued:

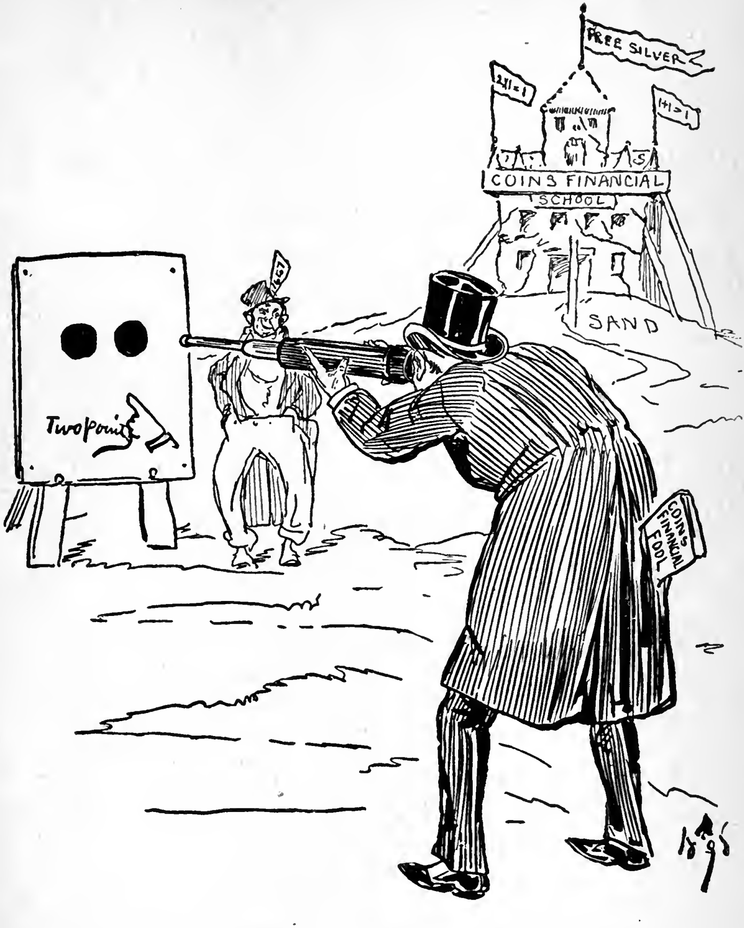
"England demonetized silver in 1816, but as Germany, France and the Latin Union and the United States had their mints open to the free coinage of silver and gold, the demand thus created was sufficient to maintain the parity (equal value) of the two metals, and the

action of England had no effect on the price of silver."

Then he says that the United States demonetized silver in February, 1873, and was followed by Germany in July, 1873—the fact being that Germany did it on the 23d of November, 1871—that France and the Latin Union did it in 1874, and India in 1893, which accounts for the decline in the price of that metal. Next we have a table of the market ratios of silver and gold from 1687, when it was 14.94, to 1873, when it was 15.92, to show how steady they had been before the latter date.

"You will see from this table," continued "Coin," "that from 1687 to 1873 the commercial ratio of the two metals was never lower than 1 to 14.14, and never higher than 1 to 16.25, a variation of *only about two points.*"

What is meant by "two points?" They are spoken of as something quite trivial. Bear in mind that the whole question is this: What deviation of the market ratio from the legal ratio will suffice to carry one or other of the metals out of circulation and leave us going on one leg, as "Coin" is fond of putting it? The difference between 14.14 and 16.25 is exactly 15 per cent. Is this a trivial matter? Under modern conditions of trade a premium of one-tenth of one per cent. is sufficient to carry either one of the metals to the melting pot or to foreign countries. Mr. Robert Giffen says that a much smaller premium than the one we have named will suffice to carry gold out of circulation. *A fortiori* the "two points" which "Coin" juggles into the reader's mind as something quite insignificant would constitute an absolutely impassable barrier to bimet-



TURN YOUR SPY-GLASS, MR. L. J. GAGE, AND LOOK THROUGH THE OTHER END. YOU WILL SEE THAT THE TWO POINTS ARE LARGER THAN THEY NOW APPEAR TO YOU.

allism. But the effect was paralyzing to the intellect of Mr. Gage, who replied that this steadiness of only two points' variation "has been due to the enlarged use of these two metals as money under a free coinage law adopted *by the principal nations of the world.*"

Observe that "the mints of the world" have dwindled to "the principal nations of the world," without particular designation. Having got Gage to admit more than "Coin" had contended for, the latter continued thus:

"Then, Mr. Gage," said "Coin," "we agree, do we not, that the commercial value of silver and gold can be maintained at par on a fixed ratio at 15½ to 1, or 16 to 1, if their free coinage is provided for *by the same nations that had such a law in* 1873?"

"Yes," said Mr. Gage, "we agree thus far."

Here "the mints of the world," with which

this lecture began, and which if thrown open to both metals would create "an unlimited demand" for both, have shrunk again. A moment ago they were the principal nations of the world. Now they are "the same nations that had such a law in 1873," *i. e.*, the United States and the Latin Union! This is the reverse process of *Falstaff's* men in buckram.

This is the proper place for introducing a letter written by Mr. Gage himself to the New York *Evening Post*, viz:

"HOLLAND HOUSE,
"NEW YORK, April 8, 1895.

"TO THE EDITOR OF THE EVENING POST:

"SIR:—In answer to your inquiry about 'Coin's Financial School,' and my name as it appears in a certain lecture described therein, I beg to say that I never attended any such lecture, that I never asked any such questions, or made any such answers, as are there

set forth. It is a fabrication from beginning to end. I have had many letters from all parts of the country inquiring whether or not I was correctly reported in the alleged discussion, all of which I have answered in the negative. It is time the truth was put on foot to overtake the lie. Truly yours,

"L. J. GAGE."

ANOTHER FIB.

Before leaving this lecture we will notice one other falsification (on page 30). Speaking of various laws which have aided to depress silver, he mentions "the law of 1879 authorizing and sanctioning notes, bonds, and mortgages to be taken payable in *gold only*." This latter, says "'Coin,' is a clause in the Bland-Allison act. . . It discriminates against all our other forms of money and allows the creditor to dictate that his credits shall be payable in gold."

The clause in question made no difference whatever in the status of debtor and creditor, or in that of silver and gold. The Supreme Court had decided long before this time that the right to make a contract payable in gold, or in any other kind of money, that the parties might choose, was a common-law right, and that such contracts were enforceable according to their terms. The Bland-Allison act, therefore, merely conformed to the pre-existing law of the land when it said that the silver dollars coined under it should be legal tender "*except where otherwise expressly stipulated in the contract.*" Therefore the statement that the act in question "discriminates against all our other forms of money" is another lie added to an already extensive assortment.

One Hundred Million Jays Wanted.

CHAPTFR VII.

COIN ENLISTS IN THE CALVARY.

In his third lecture "Coin" explains what he means by an "unlimited demand"—that is, an unlimited demand created by the Government. On page 47 he tells us that Mr. John R. Walsh, president of the Chicago National Bank, occupied a seat near the front and asked the question: "How can the Government, by passing a law, add a cent to the value of a commodity?" To which the following reply was made by the lecturer:

"Suppose," said "Coin," "that Congress should pass a law to-morrow authorizing the purchase by the Government of 100,000 cavalry horses of certain sizes and qualities, and the

Government entered the market to get these horses. Horses would advance in value, not only the kind of horses desired, but also other horses upon which there would be a demand to take the place of the horses sold to the Government."

Here we are favored with a picture of horses as an aid to the understanding.

This reply seemed conclusive to the audience, for it was followed by a clapping of hands, and poor Walsh had nothing to say for himself till some time later.

Now let us test this proposition by a recent event in our own history.

In the year 1890 the silver men in Congress said to their opponents : "Give us a law authorizing the purchase by the Government of 4,500,000 ounces of silver each month. This will create a demand and cause the price to advance." Senator Jones of Nevada said it

would cause silver to advance to par, *i. e.*, \$1.29.29 per ounce, the price then being 1.07 per ounce.

Congress did what the silver men asked it to do. And what was the result? There was a brief speculation in silver. The price rose from \$1.07 to \$1.16 per ounce. The Government began in the middle of August buying 4,500,000 ounces per month, and the price began to fall.

And this is the way it went down; the quotations are taken from the Mint Reports:

PRICE PER OUNCE.

1890.	May ... \$0.97	Feb. .. \$0.90	**1893.**
Sept. .. \$1.16	June .. 0.98	March. 0.87	Jan. ... \$0.84
Oct. ... 1.08	July ... 1.00	April .. 0.86	Feb. ... 0.84
Nov. .. 1.03	Aug. .. 0.99	May ... 0.87	March. 0.83
Dec. ... 1.05	Sept. .. 0.98	June .. 0.88	April .. 0.83
	Oct. ... 0.97	July ... 0.86	May ... 0.83
1891.	Nov. ... 0.95	Aug. .. 0.83	June .. 0.81
Jan. ... 1.05	Dec. ... 0.95	Sept. .. 0.83	July ... 0.72
Feb. ... 0.99		Oct. ... 0.85	Aug. .. 0.74
March. 0.98	**1892.**	Nov. .. 0.85	Sept. .. 0.74
April .. 0.97	Jan. ... 0.93	Dec. ... 0.84	Oct. ... 0.73

During this time the Government had bought 168,674,682 ounces of silver, at a cost of $155,931,002 gold, and the price declined a little more than one cent per ounce per month average. In October, 1893, the buying was stopped by the repeal of the Purchase Act.

THE CAVALRY PUT TO FLIGHT.

Now, this result is exactly the opposite of what "Coin" taught Walsh and his other victims to expect when he spoke of the Government buying cavalry horses. Why did the price of silver decline when the Government's purchases increased? Because the supply increased also, and because the public knew that the purchases must stop some time, just as purchases of cavalry horses stop some time. It takes five years to produce a cavalry horse. During five years we

THE EFFECTS OF THE KNOCK-OUT DROPS HAVING PASSED AWAY, THE CAVALRY ARE PUT TO FLIGHT BY HONEST MONEY.

might expect a considerable advance in the price of horses if the Government's purchases were steady, but at the end of that time the supply would equal the demand, and the price would fall back to the place of beginning.

Really the figure of speech adopted by "Coin" is deceptive in another way. Free coinage, which he aims at, does not imply any purchases by the Government at all. Therefore all his talk about the Government buying cavalry horses is fustian.

This is a suitable place, however, to say that free coinage of both gold and silver does not create an unlimited demand for both metals. It does not even change the pre-existing demand except for one purpose—that of paying pre-existing debts. After this temporary purpose is achieved, then, supposing the ratio is

really effectual, and that the two metals are at a parity in the market, the general preferance for gold, arising from its convenience in all commercial transactions which call for the use of a money metal, will be as strong after bimetallism as before. Banks and individuals who have to transfer metal and to store it and take care of it will pay a premium for it equal to the extra cost of handling silver, and when a premium is paid for one of the metals, bimetallism no longer exists.

This is on the suppposition that the ratio agreed upon is so near the market ratio that we "start fair." That ratio would be about 32 to 1. If we do not start fair we shall stumble at the first step. There will be an immediate grab for gold, and bimetallism will be dead before it is born. But, it is asked, what could anybody do with gold except to

pay his debts with it? He could use it to make new bargains on a gold basis. It is admitted that the law can compel people to take silver or copper or anything else for past debts. Our history has many lamentable examples where the law compelled people to accept much less than they had bargained for —continental money, for example. But it is firmly denied that the law can compel people in this country to make future bargains in silver if they prefer to make them in gold.

Continuing this lecture, we come to the following statement (page 52):

"The demonetization of silver destroyed one-half of the *redemption* money of the United States. It did it in this way: By making gold the *unit* and closing the mints to silver, it lessened the demand for silver, and its commercial value at once began to depreciate as measured in gold."

The demonetization of silver did not destroy a dollar of *redemption* money, because there was none at that time of either silver or gold. There can be no redemption money without redemption. Even if we had been redeeming our greenbacks at that time, we should not have redeemed any with silver, because, as "Coin" tells us on page 19:

"At the time the United States demonetized silver, in February, 1873, silver as measured in gold was worth $1.02."

Is it likely that the government would have bought silver at 2 per cent. premium to redeem its greenbacks with when it could redeem them with gold at par? That is what "Coin" wants his scholars to believe.

Here Mr. Walsh arose again, and "Coin" paused to hear the question (page 54).

This seems to be the proper place to insert Mr. Walsh's denial that he ever asked any questions.

"To the Editor of the N. Y. Evening Post:

"Sir:—I am very glad that your inquiry of April 9 gives me an opportunity to correct any misapprehension that might be caused by the use of my name in the book called 'Coin's Financial School.' I never attended any of the lectures referred to in that book, and, therefore, could not have used the language with which I am credited.

John R. Walsh.

Chicago, April 11."

CHAPTER VIII.

COIN'S SERIES OF EXPLOSIONS.

The next thing in order is "Coin's" lecture on panics illustrated by cuts. He arranges a series of parallelograms divided into sections, one above another, the lowest section being marked "Primary money," the next highest "Credit money," the next "checks, drafts and bills of exchange," and the highest of all "Notes, bonds, mortgages and accounts," in order to show the genesis of panics and how explosions take place when the three upper sections become too much expanded in proportion to the lower one. No mention is made of the panic of 1873, which came at a

time when we were not using any primary money at all.

With much affection of learning spread over three pages, we are led up to this proposition (page 58):

"Finally the silver men, pushing their cause, forced the declaration from the administration that all paper was redeemable in gold and silver at the option of the *holder*. This meant that they [*sic*] demanded the most favored and valuable of the two—gold. The government had stored most of the silver and issued paper money on it which was declared to be redeemable in gold. This cut the base of the column half in two and left us with only half a foundation of our financial system."

Thus, we are told, the financial crisis of 1890 (the Baring crisis) was produced, and this is illustrated by an explosion so destructive that gold itself disappears in the picture, while ac-

cording to the text, it "was involved under the enormous strain placed upon it," whatever that may mean. These pictures are indispensable because nobody can possibly understand the argument. Take, for example, the quotation printed above, which is really the most intelligible part of the lecture. This tells us two things, viz : (1) that the silver men forced the Administration (meaning the Harrison administration) to declare that all paper money was redeemable in gold or silver at the option of the *holder;* (2) that this took half of our primary money away and weakened correspondingly the foundation upon which the other things in the column rested.

"Coin" had previously told us, on page 52, that silver dollars were *not* primary money at all, but only token money, and that this fact dated from the demonetization act of 1873,

which is true. Here we have silver dollars serving as primary money, until "the administration" made a certain declaration, when it ceased to be primary money, and then a series of explosions took place, first the Baring crisis and then the crisis of 1893, and all the subsequent disasters. The Australian panic is not specifically mentioned, but surely that is as much entitled to be counted among the results of the declaration of Mr. Harrison's administration as is the Baring crisis of England and Argentina.

The whole of this jargon about panics is an arrangement of pegs upon which to hang the pictures of the explosions. Nobody can understand it, but most people can understand an explosion—that is, they know that when an explosion takes place, the things resting on the explosive material go up into the air. The artist

can arrange these as he likes, and there is no danger that anybody will dispute the arrangement.

HOW PROF. LAUGHLIN GOT LEFT.

The next person who tackled "Coin" was Prof. Laughlin of the University of Chicago, and this was the question he put :

"You have stated since this school began that, so long as free coinage was enjoyed by both metals, the commercial value of silver and gold had never differed *more than two per cent.*, and that this difference was accounted for by the disturbance of the French ratio and the cost of exchange. Am I right in so quoting you?" "You are," replied "Coin"

Now "Coin" had not said any such thing. He had said "two points," which we have heretofore shown was *fifteen* per cent., but he wanted people to understand it in that way.

PROFESSOR LAUGHLIN AT THE BOOK STALL.

But Laughlin seemed to think that as small a variation as two per cent. offered some chances of the metals parting company, and he asked if there was not some danger of it. Also whether silver coin had not sold at a premium as high as eight per cent. over gold "several times prior to 1857." This last question is absolutely unintelligible. It was thrown in for the purpose of making Laughlin appear like a fool.

"Coin" began his answer with some wholly irrelevant remarks about the scarcity of small bills in the summer of 1893, which led people to pay a premium for them during a brief period—this by way of showing that a persistent variation between silver and gold, extending over a period of two centuries, is a phenomenon resembling a panic of two or three

weeks' duration. Then he says, addressing Laughlin:

"At the time you speak of nearly all small money was made from silver, and on account of the French premium for silver, our silver was leaving us. Small money was scarce, and frequently commanded a premium, not on account of the value of the silver bullion, but upon the demand for small money. Gold dollars commanded the same premium as silver dollars and fifty-cent pieces."

If this means anything, it means that the French people were so short of small coins that they bought ours away from us at a premium, and used it without remelting, because that would have made it bullion, whereas "Coin" says that the premium was not on account of the bullion, but "upon the demand for small money." Now, in order to buy our small coins at any time after 1853, the French

people would have been obliged to pay seven per cent. more for it than it was worth as bullion, because we had reduced its weight in that year and made it subsidiary or token money, as "Coin" had already remarked in an unguarded moment. But history does not mention any time when France was using our small money in her local circulation, although we did use hers at one time.

After the foregoing colloquy on the subject of the drainage of our small coins to Europe "prior to 1857," on account of the premium offered for them by the greenhorns of France, "Coin" asked Laughlin whether he was satisfied with the answer, saying: "I have the exchangeable quotations of silver and gold bullion at the time you speak of." The professor said he was satisfied. "I am glad these questions are asked," said "Coin." "These state-

ments, when used and not answered, confuse the people." Rabelais' debate on the question "whether a chimera ruminating in a vacuum devoureth second intentions," is the nearest parallel to this discussion between "Coin" and Laughlin, but the latter says in the following note that it never took place at all :

"THE UNIVERSITY OF CHICAGO.
"April 13, 1895.

"TO THE EDITOR OF THE N. Y. EVENING POST :

SIR :—Your inquiry as to whether I made the remarks attributed to me in a small book called "Coin's Financial School," is but one of many which I have received from various parts of the country. The book is filled with so many false and misleading statements that I have deemed it unworthy of notice. But I am glad to give publicity to the denial that any such lectures as are detailed in the book ever took place in Chicago, or anywhere else ; and here say that I was never present at any such meetings and that I never made any of the re-

marks attributed to me on page 85, or on any other page. The whole book is a clever fabrication of falsehoods.

"Very truly yours,

"J. LAWRENCE LAUGHLIN."

"THE BOY LIED."

It will be noticed that Prof. Laughlin says that none of these lectures ever took place, although "Coin" says that they took place at the Art Institute in Chicago, beginning on the 7th day of May, 1894.

It was shrewedly calculated by "Coin" that most of the readers of the book, catching it up hastily and glancing through it, would conclude that such lectures actually took place, and that the persons whose names were used would pass it over with silent contempt, which would answer all the purposes of an admission that it was true. It all turned out as he anticipated except that after Gage, Laugh-

lin and the rest had got tired of answering letters from persons who really supposed that they had been truthfully reported, they decided to make a wholesale denial in order to save their own time and labor. The reading public do not like to have practical jokes played on them even on All Fools' Day. Hence it is no wonder that there has been considerable reaction against "Coin" since the public have found out that "the boy lied."

After Laughlin had been polished off, a man named Eustis asked the following question, page 70 :

"Then," said Mr. Eustis, "the Latin Union, Germany and the United States, by free coinage had maintained the commercial value of silver at par with gold?"

"Yes," was "Coin's" reply.

This phrase, "The commercial value of

silver at par with gold," has no meaning unless a ratio is mentioned at which parity is maintained. As no such ratio is mentioned we might pass it over as one of a large number of phrases in this book as meaningless as that quoted from Rabelais, but the fact is that the Latin Union's ratio was 15½ to 1, that of the United States 16 to 1, and that Germany had no ratio, having been on the single silver standard prior to 1871.

Eustis' appetite for lies was not yet satisfied. He asked one more question:

"And the United States," said Eustis, "was the first of these to attack silver and demonetize it?"

"Yes," said "Coin."

The truth being quite different. Germany demonetized it in 1871, the United States in 1873.

CHAPTER IX.

COIN'S LECTURE ON THE GREENBACK SYSTEM.

On page 76 a certain Mr. Ridgley, of Ogden, Utah, wants to know what is the objection to a purely greenback system of money.

"The objection which is urged," said "Coin," is this: So long as there was confidence in the government, it would be a sound, stable money; but so soon as confidence in the government is shaken, it would depreciate in exchangeable value. When the danger became imminent *that the government was not able to enforce its legal tender character*, having no commercial value, it would become *more or less worthless.*"

What is the condition under which a government is not *able* to enforce the legal tender

character of its paper? Our government, during the Revolutionary war, enforced the legal-tender character of Continental money until it had fallen to 1,000 for 1. The difference of effort required to enforce the legal-tender character of that kind of paper and of paper worth nothing at all is not perceptible. In fact no effort was needed to enforce its legal-tender character even after it had become worthless. The only thing requiring an effort was to repeal the legal-tender acts. If these had been left unrepealed, creditors would have been powerless to refuse the paper for past debts. What "Coin" meant by this phraseology we defy anybody to explain.

Mr. Ridgley appears not to have been entirely convinced, for he proceeded to ask questions, viz: "Isn't it a fact that when war and great disturbances come, redemption

money disappears and paper money takes its place anyhow? So, are not the people at such times embarrassed with a paper money fluctuating with their confidence in the government, and saddled with a worthless paper money if the government goes down, and does the use of silver and gold as money ever prevent this condition from arising."

"The use of redemption money," replied "Coin," "does not prevent the conditions you describe. *Paper money always takes its place at such times.*"

This is a statement that specie payments are always suspended during wars and great disturbances, but without any definition of a great disturbance. Probably it means any condition where specie payments are suspended—that is, that specie payments are always suspended when they are suspended. This can hardly be

denied, but the general proposition that specie payments are always suspended during wars may be. There is no limitation on account of time, or place, or the size of the war. Well, we did not suspend specie payments during the Mexican war. We have had several Indian wars in which we did not suspend. England did not suspend during the Crimean war, or in any other of her numerous wars since 1820. Germany did not suspend during the Franco-German war of 1870. There is no evidence that David suspended during his wars with the Philistines, or Xerxes during his invasion of Greece, or Cæsar during his Gallic wars.

Equally edifying is his explanation of social conditions during suspension. "After the use of redemption money ceases, because of war," he tells us, "every one is on the same footing.

As the paper money fluctuates from day to day all are taking chances alike. If it becomes wholly worthless, all have suffered more or less proportionately, and primary money immediately takes its place."

This is a flat contradiction of observed facts during every era of irredeemable paper. It is not true that "every one is on the same footing." On the contrary, speculators are on one kind of footing and laboring men on another kind. This was the most conspicuous and notable feature of social and industrial life during the civil war, both North and South. It was the same way during the Revolutionary war. A laboring man working for \$30 per month would find his wages, when they became due, worth only \$15. As the continental money neared its end and the depreciation became rapid, Prof. Sumner says

that "a man might lose his whole wages while earning them." And yet "Coin" tells us that the employer and the employe are on the same footing.

A PRECOCIOUS TRAITOR.

Continuing to enlighten Ridgley, on page 77, after he has told us how primary money (meaning metallic money), takes the place of paper money when the latter becomes worthless, he says:

"This latter is true, whether a new government is founded on the ruins of the old one at once or not. There may be a long interregnum, as in France toward the close of the last century, when one form of government was from year to year almost substituted for another. No one knew what was coming next. No stability was in the government itself. During such a period, which may last for years, it would be impossible to make

paper money circulate. But money made from property having a commercial value would circulate, and would assist materially in restoring order and civilization. In fact, it would be hard to restore civilization without its use during such a period."

We are approaching such a period now, unless wise statesmanship shall intervene ; commodity money—silver and gold—will be our only money, and will have to answer the purpose of a medium of exchange *until a stable government can get on its feet* and issue *paper* money.

"All know and feel the necessity of money, *and if chaos comes in this country*, it may be years before there is another government sufficiently established to give confidence generally to its issue of paper money.

What is it that we are approaching now? Evidently the condition that France was in toward the close of the last century—that is, revolution, reign of terror, Jacobinism, and fi-

nally Bonapartism and a stable government. All this is to come "unless wise statesmanship shall *intervene*." The only statesmanship that "Coin" knows or cares about is silver at 16 to 1. Therefore the logic of his position is that unless we have free coinage at 16 to 1 the government will be broken up and a more stable one put in its place. Who will break it up? Those who are dissatisfied with it, of course. But the only dissatisfied ones are the 16 to 1 silverites. We fear that "Coin" is a precocious young traitor. We advise the Chicago police to keep an eye on him.

CHAPTER X.

JUGGLING WITH PRICES.

On page 108 "Coin" presents a table of prices of wheat beginning in 1872, at $1.40 per bushel (not mentioning the fact that that was the quotation in irredeemable paper), and ending in 1893, at 63 cents per bushel.

Then he says :

"If a dollar buys a bushel of wheat during a time when the supply is normal, and the conditions continuing normal, at a later time a dollar will buy two bushels of wheat, then the dollar has doubled its purchasing power."

To complete the sentence he should have said "in wheat"—its purchasing power in wheat. But he wanted his readers to under-

stand that if a dollar would buy twice as much wheat at one time as at another it would also buy twice as much of everything else. Mr. J. K. Upton has examined this juggle. He shows that ten years ago the price of wheat was 77 cents per bushel while to-day it is 57 cents, a decline of 26 per cent. instead of 50 per cent. On the other hand the price of corn ten years ago was 35 cents per bushel, while to-day it is 45 cents, an increase of 28 per cent. As the corn crop of the United States is one-half greater in value than the wheat crop, it follows that the farmers of the country have been gainers on these two crops taken together. From this Mr. Upton draws the reasonable inference that the standard of value has nothing to do with the matter. What has to do with the matter is sufficiently plain if you look at the statistics of production.

In 1884 the wheat crop was 357,000,000 bushels; in 1894 it was 460,000,000, an increase of more than 100,000,000 bushels, and there was a general increase at the same time in the product of other countries. Would not such an increase of itself explain the fall in value? The corn crop of 1884 was 1,796,000,000 bushels, that of 1894 was but 1,213,000,000, a decrease of 573,000,000 bushels. Would not such a decrease in itself explain the increase of value per bushel?

CHAPTFR XI.

THE ENGLISH OCTOPUS.

We have finished our examination of the serious part of "Coin's Financial School." What follows is either broad farce or blatant demagogism. On page 124 we have a picture of "The English Octopus." This represents the island of Great Britain reaching out its tentacles to all parts of the world and sucking in gold. A helpful conceit, surely, to enable earnest citizens to reach a decision on a question of domestic policy. How can it make any difference to England what kind of currency *we* have? We had a more fluctuating currency than silver at one time, but England did not mind. What we owe *to* England is pay-

able *in* England, and if her money is pounds sterling we must pay in pounds sterling, if we pay at all. Therefore, it is all one to her whether our currency is gold or silver or paper or chips or whetstones. It may be said that she has some money invested in this country in such a way that she must take. her pay in our money, whatever it may be. That is true, but she can sell these things, and has been doing so lately to a large extent, and this withdrawal of capital has been the chief cause of the hard times here during the past two or three years. But suppose she does not sell. Suppose that she concludes to take pot luck with us as to these particular investments. How does that fact alter, or in any way affect the octopus? The theory of "Coin" is that we shall all be better off when we have free coinage at 16 to 1 (which means silver mono-

metallism). If we are better off, the octopus will be better off, too, as regards his American bloodsucking. But he will be just as much of an octopus as before, and will suck all the harder if he finds the nourishment more agreeable. So the only aim of the picture is to create prejudice against England, or to play upon prejudices already existing.

That this is the real aim, almost everything that follows shows. Thus, on page 131 we read :

" If it is claimed that we must adopt for our money the metal England selects, and can have no independent choice in the matter, let us make the test and find out if it is true. It is not American to give up without trying. If it is true, let us attach England to the United States and blot her name [whose name?] out from among the nations of the earth. [Applause.]"

Here we have the idea of England seeking to force her standard on other countries, when she does not care a rap what kind of a standard they have. Mr. Goschen, her leading representative at a monetary conference of 1878, was solicitous that other nations should adopt bimetallism and let England have the gold standard alone. A very fickle octopus.

WAR WITH THE OCTOPUS.

The next thing that comes out of "Coin's" mouth is a little more brassy than the last. He says :

"A war with England would be the most popular ever waged on the face of the earth. [Applause.] If it is true that she can dictate the money of the world and thereby create world-wide misery, it would be the most just war ever waged by man. [Applause.]

The applause interjected here and there is in

furtherance of the idea that there was an audience listening to this stuff, composed of people so bereft of common sense as to approve of it. But in the next paragraph he changes his tactics and tells us that England is not forcing the gold standard on us, and that we can adopt silver without fighting her. Why, then, did he talk about a war with England being so popular, and why did his hearers break out in applause about nothing?

"A little further along he changes his tactics again, and goes in for war once more, saying:

"Whenever property interests and humanity have come in conflict, England has ever been the enemy of human liberty. All reforms with those so unfortunate as to be in her power, have been won with the sword. She yields only to force. [Applause.]"

Then he turns against the money-lenders of the United States and rends them, and says:

"To that end they organize international bimetallic committees, and say: 'Wait on England, she will be forced to *give us bimetallism.*' Vain hope! Deception on this subject has been practised long enough upon a patient and outraged people."

This is a rap at that distinguished money-lender, Senator Wolcott, of Colorado, who showed more interest than anybody else in organizing the existing bimetallic committee. In fact, it was on his motion that the committee was created and an appropriation voted for its expenses. And what is it that Wolcott, the money-lender, is pretending to do? Forcing England to give us bimetallism! This is on page 133, but on the preceding page it was shown that England's consent was not necessary at all.

The next caper of this queer logician is funnier than any of the previous ones. He tells

us that "only 4 per cent. of the business of the people of this nation is carried on with foreign countries, and a part of this 4 per cent. would be carried on with silver-using nations, while 96 per cent. of the business of our people is domestic transactions. Home business."

So all the talk of war with England was about a bagatelle. Our trade with England is only one-third of our total foreign trade, and therefore only one-third of four per cent. of our domestic trade—*i. e.*, 1⅓ per cent.

We are disappointed, however, to find "Coin" going in for war with England a third time, on page 135, and a fourth time on page 147. Somehow, there is no way of avoiding it; but on page 135 we encounter a proposition which strikes us speechless. It is this:

"The gold standard will give England the commerce and wealth of the world. The bi-

metallic standard will make the United States the most prosperous nation on the globe. [Applause.]"

How these identical effects should be produced by two different policies there is no hint of explanation. It is like saying that cold water will make John the strongest man in the world and whiskey will make James the most robust.

A LITTLE MORE TREASON.

Next we have another threat of treason and civil war, and a pretty strong one, too (page 135):

"To avoid the struggle means a surrender to England. It means more—*it means a tomb raised to the memory of the Republic.* Delay is dangerous. At any moment an internecine war may break out among us. Wrongs and outrages will not be continuously endured. The people will strike at the laws that inflict them."

"It Means a Tomb Raised to the Memory of the Republic."

This does not look to a change of the law by constitutional means, but to the subversion of the government and the raising of a tomb to its memory. It is hard to say which war "Coin" is most in favor of—war with England, or "internecine war."

The whole argument of the book, so far as it uses argument, is that we need more money, and that free coinage at 16 to 1 will give us more. That is exactly what the other side deny. They say that it would merely displace gold and give us no *more* money than we had before, but a *poorer kind.* In his pretended dispute with L. J. Gage on page 38, "Coin" said that he should "leave the subject of independent free coinage by the United States to the last." Looking anxiously for that, we find it to consist of his assertion that "free coinage by the United States will at

once establish a parity between the two metals," meaning a parity at the ratio of 16 to 1. Now all the bimetallists of repute in this country, such as Gen. Francis A. Walker and the late S. Dana Horton, hold the contrary opinion.

AND REPUDIATION.

If, however, free coinage at 16 to 1 should banish gold from circulation, a way to get it back is pointed out on page 143, viz:

"With silver remonetized and a just and equitable standard of values, we can, if necessary, by act of Congress, *reduce the number of grains in a gold dollar till it is of the same value as the silver dollar.* [Applause.] We can legislate the premium out of gold. [Applause.] Who can say that this is not an effective remedy? I pause for a reply."

AGAINST INTERNATIONAL BIMETALLISM.

This means passing a law to make fifty cents

the equal of a dollar in all cases, which is indeed the aim of the free coinage party generally, although they do not all avow it so frankly. Having got to this point "Coin" spews Gen. Walker, President Andrews, Senator Wolcott and all other international bimetallists, out of his mouth, saying, that until they can answer the question quoted above, he will "write upon the character of every international bimetallist the words, '*gold monometallist.*'"

Speaking of Gen. Walker reminds us of another difference between him and "Coin." "Coin" takes for the motto of his book these words:

"All money is a medium of exchange, but primary money only is the measure of values."

General Walker read a paper at the meeting of the American Economic Association, at

Chicago, Sept. 13, 1893 (since published as a pamphlet), entitled "The Value of Money." In this he seeks to prove that prices of commodities are determined by the demand for, and the supply of, the actual coin *and notes* circulating as money, and not the coin only. His reason for holding this opinion is that :

"Bank notes are money. They are distinct and tangible things, which pass out from the bank and have their own separate life and course ; which become the property of him in whose hands they are, just as truly as do coins of gold or silver. Like such coins they pass from hand to hand throughout the community, without reference to the character or the credit of the person offering them. Like such coins they are accepted in final discharge of debts and full payment for commodities, without necessary recourse to the issuing bank, except as they may individually become too much worn for further circulation, after per-

forming, it may be a hundred, it may be a thousand, exchanges."

For these reasons he maintains that bank notes which circulate as money are, equally with metallic money, factors in determining prices.

CONCLUSION.

All of "Coin's Financial School" after the picture of the octopus consists of low appeals to Coxey's army, or of unmeaning drivel. It is useless to pursue it farther.

The question may be asked how the book came to have so much popularity and such a large circulation. The answer is easy—it is due to the pictures. These, it must be admitted, are very clever, although of unequal merit. Without them not five hundred copies of such a senseless book could have been sold, or given away. But what a gloomy fate would be ours if the destiny of the Republic lay in the hands of any skillful designer of comic almanacs!

THE COLUMBUS FORGERY.

Since the foregoing pages were written the Indianapolis *Journal* has come to hand with some further remarks on the Columbus forgery, already referred to. It says:

"As it [the extract] appears in the book it is credited to 'Report United States Monetary Commission of 1878.' Not a word of it appears in that report. Now comes Harvey and says it should have been credited to the report of the commission of 1876. This report, he says, contained 'the exact language quoted.' This is not true. The report contains most of the language quoted, but not all of it. The *pretended* quotation, after describing the effects of the reduction in the volume of metallic currency during the dark ages, says: 'The discovery of the new world by Columbus restored the volume of precious metals, brought with it rising prices.' *This is not in the report.* The *pretended* quotation also jumps over

eleven lines of the report which go to show that other causes than the reduction of metallic currency may have contributed to the stagnation of the dark ages, and that the introduction of bills of exchange and paper currency certainly contributed to the revival. These eleven lines of the report are omitted because they did not suit the author's purpose, and an entire sentence of his own is substituted. There is no typographical error in this. It is garbling and forgery with intent to deceive."

THE END.